

The sweetening of FinCanna's cannabis royalty streams through baked goods (and chocolate) in California

As we progress into 2020 and a new decade, the biggest question in the cannabis world is – Will the US legalize cannabis at the Federal level in 2020?

In mid-November 2019, the US House Committee approved the new Cannabis bill. If passed in 2020, it would lead to the decriminalization of cannabis use in the USA. Cannabis is already legal for recreational use in 11 US states, and for medical use in 33 states. President Trump was quoted: “I probably will end up supporting that, yes.”

If the US decriminalizes cannabis in 2020 then 2020 will be a breakout year for US related cannabis stocks; similar to what happened in Canada in 2018 in the run up to cannabis legalization in October 2018.

The cannabis market is forecast to grow very strongly, especially in California USA

A New Frontier Data report states:

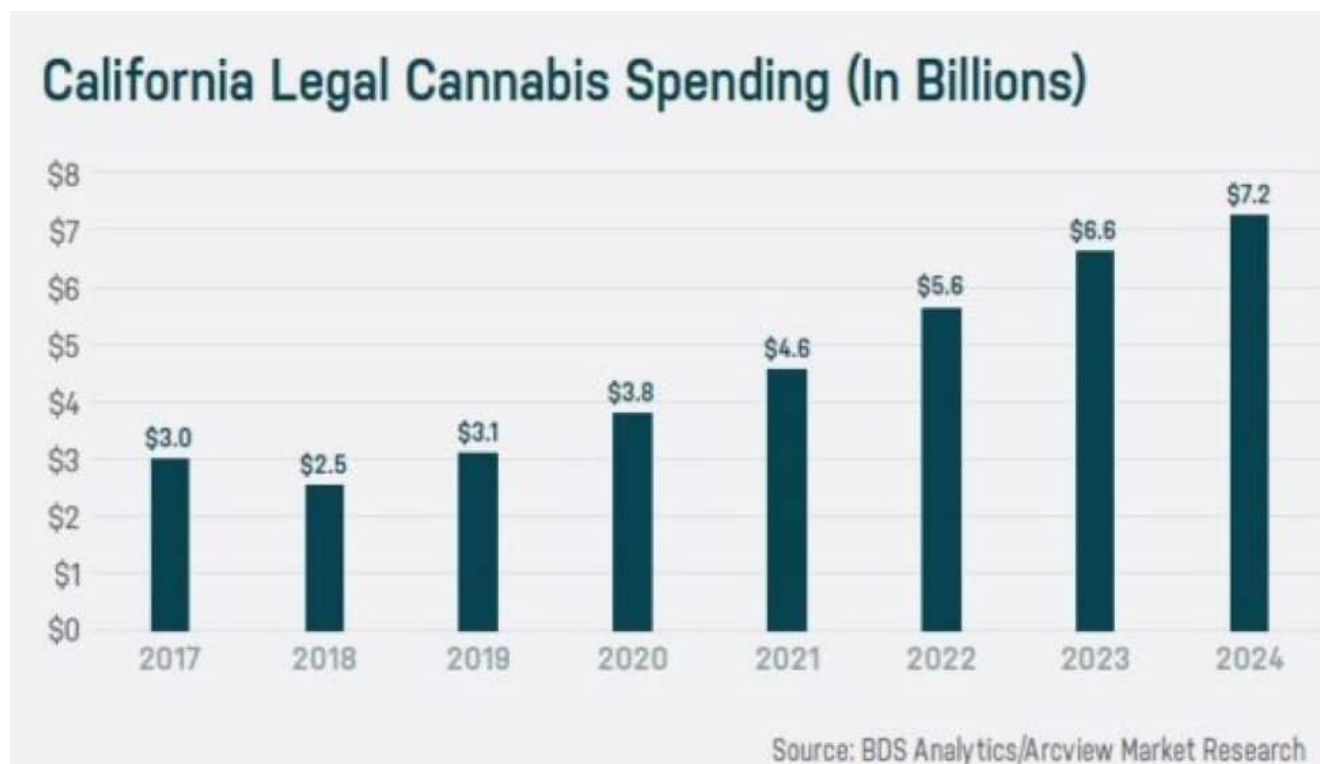
“Overall sales within the legalized U.S. cannabis industry are expected to reach \$13.6 billion throughout 2019, for a 32% increase over 2018 totals worth \$10.3 billion.”

A 2018 report by Arcview Market Research and BDS Analytics states:

“The (global) cannabis market could triple in size in the next four years....with the U.S. expected to fuel much of that growth....Much of the current growth we're seeing comes from

California's cannabis market."

California legal cannabis spending forecast to 2024



Source

A Canadian company is ideally positioned to benefit should the cannabis sector get further support in the US. And if not, by focusing on California, where marijuana is already legal for both medicinal and recreational use, this Company should still do very well.

FinCanna Capital Corp. (CSE: CALI | OTCQB: FNNZF) is a royalty company for the licensed US cannabis industry. FinCanna's focus is on the rapidly emerging California cannabis market.

FinCanna's scalable royalty model provides an attractive alternative or complement to debt or equity financing for its investee companies. The Company earns its revenue from royalties paid by its investee companies that are calculated based on a percentage of their total revenues.

FinCanna's royalty and other portfolios

- QVI Inc. is a cannabis infused product manufacturer with a 8,300 square foot facility operating under the name “The Galley”, located in Sonoma, California. Products include baked goods, chocolate products and a hard candy and gummy line. FinCanna will earn a perpetual royalty ranging from 15% to 6% of QVI’s annual revenues, subject to certain buy-back options.
- Cultivation Technologies Inc. (CTI) has extraction/testing/educational facilities and planned to build a large-scale indoor medical cannabis facility in Southern California. FinCanna has acquired all of the rights and interests in substantially all of the existing property of Cultivation Technologies Inc, obtained via a liquidation sale in May 2019.
- ezGreen Compliance offers a state-of-the-art enterprise compliance and point-of-sale software solution (“ezGreen”) for licensed medical cannabis dispensaries and cultivators. FinCanna earns a perpetual royalty equal to 10% of consolidated gross revenues of ezGreen, subject to certain buy-back options.
- Refined Resin Technologies Inc. is a cannabinoid research and refinery company based in Oakland California, that will provide B2B and B2C products and services to licensed dispensaries and distributors in the medical cannabis supply chain. FinCanna will earn a perpetual royalty ranging from 16% to 7% of Refined Resin’s consolidated annual revenues, subject to certain buy-back options. The effective royalty rate is 11.75% on the first US\$160 million of Refined Resin’s consolidated annual revenues.

Latest news (QVI and “The Galley”)



The GALLEY
CANNABIS CO-MANUFACTURING & DISTRIBUTION

In late September 2019 it was reported that QVI Inc. “is experiencing greater than initially anticipated demand for its manufacturing services.....Based on this demand, revenue from the first 12-months, upon commencement of commercial production, originally projected to meet or exceed US\$7 million has now increased to over US\$10 million with significant remaining capacity. Furthermore, revenue is expected to continue to escalate as marketing efforts utilizing the founders’

wide network of industry participants gains additional momentum.....

“The Galley”, is built to FDA and CDPH standards and is focused on high demand areas of production – Edibles, Topicals, Tinctures, Chocolate, Hard Candies and Gummies. “The Galley” will be differentiated from its peers by its automated capabilities to produce virtually all high-value cannabis products under one roof. This one-stop production expertise is attractive to top tier in-state and out-of-state brands. The premium equipment and operational design will allow “The Galley” to rapidly scale production as demand escalates.”

Closing remarks

FinCanna has a very smart and strategic royalties portfolio over three expanding Californian cannabis companies, and 100% of the rights and interests in Cultivation Technologies, also in California, USA. Cannabis is legal for recreational and medicinal use in California, meaning FinCanna should do well regardless of whether cannabis is legalized at the Federal level.

EzGreen covers the POS software side used to sell cannabis products, Refined Resin covers research and medical cannabis dispensaries, QVI Inc. covers an expanding cannabis edibles

business and manufacturing facility, and Cultivation Technologies covers a growing/extraction/testing/educational medicinal cannabis business.

Investors can buy stock in FinCanna Capital and get exposure to all of the above for a market cap of just C\$9 million. If FinCanna's portfolio starts to produce revenues on the back of cannabis growth in California, then FinCanna should be a significant winner.